



**SMARTPHONE PURCHASING BEHAVIOR AMONG
GENERATION Y STUDENTS IN UiTM SARAWAK**

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TABLE OF CONTENTS

Title Page	ii
Declaration of Original Work	iii
Letter of Submission	iv
Acknowledgement	v
Table of Contents	vi
List of Tables	x
Lists of Figures	xi
Abstract	xii

CHAPTER 1: INTRODUCTION

1.1 Background of the study	1
1.2 Problem Statement	3
1.3 Research Objectives	4
1.4 Research Questions	5
1.5 Scope of Study and Limitations	5
1.6 Significance of the Study	6
1.7 Definition of Terms	7
1.8 Conclusion.....	8

CHAPTER 2: LITERATURE REVIEW

2.1 Consumer Behavior or Consumer Purchasing Behavior.....	9
2.1.1 Definition of Consumer Behavior or Consumer Purchasing Behavior	9

CHAPTER 1

INTRODUCTION

The following sections provide background of the study, problem statement, research objectives, and research questions, scope of study and limitations, significance of the study and definition of terms.

1.1 Background of the study

According to Gartner, Inc. (NYSE: IT), “worldwide combined shipments of devices such as PC’s, tablets, and mobile phones are projected to reach 2.5 billion units in 2014, which 6.9 percent increase from 2013.” It shows that the demand for gadgets will increase from year to year. One of the reasons behind this is due to the fast changes in the technological development in market such as mobile commerce which is the trend worldwide nowadays (Kalatoka & Robinson, 2001; Liang & Wei, 2004).

Most of well-known gadgets among generation nowadays are smartphones, tablets and laptops as it offer multifunction that needed by the consumers. Younger generation, especially generation Y or millennial owned at least one gadget for their daily use whereby it can be function as their entertainer or even to help them in completing their tasks. Smartphone are most preferable nowadays as it “offer more advanced computing power and connectivity than a contemporary mobile phone” (Kavitha and Yogeswari, 2013). Liao (2012) stated that “a smartphone is a mobile phone that integrates a feature phone and a

1.2 Problem Statement

The smartphone industry is one of the industries that always exposed to highly competitive environment. It been supported by Elsdorfer and Hsu (2011), as the smartphone industry are subject to the technological developing and advancing at a rapid rate, with both ongoing and drastic advances, it lead the smartphone designers or developers to continually operating in an gradually competitive environment. As stated by Karjaluoto, et al. (2005), one the reason is that smartphone industry are one of the most “turbulent and dynamic” markets. This is why it becomes one of the highly competitive industry and for those companies that are not market leaders, in other word, technologically outperformed companies will find it difficult to enter or catch up the market (Elsdorfer and Hsu, 2011). If the companies failed to capture the attention of the target market, for example, failed to convinced the customers to switch over their products, it will “resulting in millions being wasted in research and development” (Jainarain, 2012). Nokia and Blackberry once has faced this “failure”. As stated by Jainarain (2012), the failure of the smartphone industry could be the result of several factors such as “over supply or lack of product attributes, as well as due to lack of innovation”.

The study of generation Y has become one of the major current research topics as marketers targeting most of their products or services to this group of population. As been stated by Wong (2010), emerging of millennial or generation Y has captured the attention of diverse studies or research groups in different disciplines. This include of the study on purchasing behavior of smartphone among generation Y, as stated by Hughes (2008), “generation Y consumer and purchase behavior differs greatly in comparison to other generations, hence traditional marketing techniques are not readily accepted by, or effective